

New Mexico Pharmaceutical Benefits Purchasing Collaborative

A Proposal to Maximize Cost Containment of New Mexico's State
Government Pharmaceuticals Purchasing.

Senate Bill 354, 2017 Legislative Session

To Establish a “Pharmaceutical Benefits Purchasing Collaborative”

- ▶ Developed with the Input of All State Purchasing Agencies
- ▶ Passed Senate Unanimously
- ▶ Passed State House with Bipartisan Vote
- ▶ Pocket Vetoed by the Governor

Background - Disparate Prices and Purchasing

- ▶ 10 N.M. State Agencies Purchase Pharmaceuticals and Pharmaceutical Benefits
- ▶ Different Entities Paying Different Prices
- ▶ Significant Redundancies
- ▶ History of Collaboration, Health Purchasing Act.

10 State Agencies, \$680 Million 54% Increase in Spending in Two Years

Total Prescription Drug Spending by New Mexico State Agencies, FY16

(in millions)

Agency	Spending
Human Services Department (HSD) – Medicaid	\$423.7 million
Interagency Benefits Advisory Council (IBAC) agencies	
• Albuquerque Public Schools (APS)	\$16.1 million
• Government Services Department (GSD)	\$48.9 million
• Public Schools Insurance Authority (PSIA)	\$52.8 million
• Retiree Health Care Authority (RHCA)	\$101.7 million
• <i>IBAC subtotal</i>	<i>\$219.5 million</i>
University of New Mexico employee health plan	\$15.8 million
University of New Mexico Hospital employee health plan	\$7.8 million
New Mexico Corrections Department (NMCD)	\$9.5 million
Department of Health (DOH)	\$3.5 million
Children, Youth and Families Department (CYFD)	\$222,843

Started With A Study, 2016

- ▶ Lessons Learned in House Appropriations Committee
- ▶ Drafted Bipartisan Legislation in 2016 to Study Cost Containment Options
- ▶ Brought Forceful Opposition from Pharmaceutical Industry
- ▶ House Leadership Managed to Stall Bill in Committee
- ▶ Issue Became Elevated

2017 - A Legislative Solution

“Pharmaceutical Benefits Purchasing Collaborative”

- ▶ New Leadership in 2017 Session Created New Opportunities
- ▶ The Process of Creating Senate Bill 354
 1. Brought Together State Purchasers
 2. Had a Clear Objective - Maximize Leverage from State Purchasers Through Coordination
 3. Identified Opportunities
 4. Identified Concerns
 5. Identified Viable Organizational Structure

Concerns & Challenges to Establish Legislation

- ▶ One Size Does Not Fit All
- ▶ Some Agencies Felt They Had Already Achieved Perfection
- ▶ Lack of Leadership and Support from the Executive Branch
- ▶ Resources Needed to Pursue Aggressive Coordination and Evaluation

Key Principles of Legislation

- ▶ Cost Containment Approach - Systematic Evaluation of Substantive Strategies
- ▶ Public Transparent Process
- ▶ Oversight and Accountability of Legislature
- ▶ Recognized Approach as First Step Which Retained Flexibility and Autonomy of State Purchasers

Cost Containment Ideas Included:

- ▶ Benchmarking of Prices to Medicaid
- ▶ Common Formulary, RFP, and Purchase Agreement
- ▶ Expanded Coordination Between State Agencies
- ▶ Maximize 340 B Opportunities
- ▶ Coordination with Other States
- ▶ Active Medical Management For Better Health Outcomes

So What Happened?

- ▶ SB 354 Passed Senate Unanimously!
- ▶ SB 354 Passed House With Bipartisan Vote
- ▶ SB 354 Pocket Vetoed by Governor

Lessons Learned, The Next Steps

- ▶ Need Executive Branch Leadership
- ▶ Need Legislative Branch Leadership
- ▶ Keep It Bipartisan
- ▶ Ideal to Have Funding for Staff and Consultants
- ▶ Commitment to Aggressive and Meaningful Evaluation of Strategies including :
 1. Collective Procurement - Joint RFP and Purchasing
 2. How to Leverage Medicaid, Largest Share of State Purchasing

Thank You!

Questions?